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2004 UNEMPLOYMENT INSURANCE TAX SCHEDULE

Marvin D. Perry, Director of the Department of Labor and Training, announced today that Rhode Island employers will pay Unemployment Insurance taxes according to Tax Schedule I during 2004 – the same tax schedule in effect for 2003. Depending on their experience with layoffs, employer tax rates will range from 1.69% to 9.79%. The wage base on which Employment Security taxes will be paid during the 2004 tax year will be \$14,000 (up from \$12,000 in 2003).

The payroll tax for new employers - those who have not been covered by the Employment Security Act for three full years as of September 30, 2003 - will be 1.79% in 2004. The new employer rate for 2003 is 1.59%. Rhode Island employers will be notified of their individual 2004 tax rates by the end of December.

Rhode Island workers collected a total of \$207.3 million in regular unemployment benefits during the twelve months ending September 30, 2003. Over the same period, Unemployment Insurance taxes paid by employers coupled with payments from self-insured employers and interest earned by the Employment Security Fund totaled \$157.3 million. Employment Security Fund reserves that are used to pay benefits to the unemployed totaled \$221.5 million as of September 30, 2003. Since Employment Security (ES) Fund reserves declined by \$51.4 million for the year ending September 30, 2003, the Reserve Ratio of 1.84% remained well below the 2.75% needed to move to a lower tax schedule. The Reserve Ratio compares the level of reserves in the ES Fund on September 30th to the total payroll for the past year.

The above employer tax rates do not include the Job Development Assessment of 0.21% that is paid by all taxable employers.

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Equal Opportunity Employer

*Auxiliary aids and services are available up on request to individuals with disabilities
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